

18 September 1972

MEMORANDUM FOR: Deputy Director for Intelligence

REFERENCE : CIEP Memo to D/OER dated 1 September 1972

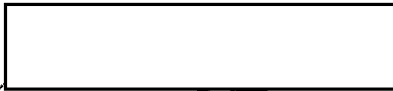
SUBJECT : Amendments to the Export Administration Act

1. As you may know the Export Administration Act of 1969 was recently amended. This Act provides the legal basis for controlling US exports to Communist destinations. The Export Administration Act -- which replaced the Export Control Act of 1949 -- reflected Congressional and Administration desires that controls be reduced on products and technical data consonant with US security interests. Since the passage of the Act at the end of 1969, ACEP and the Department of Commerce have made rapid strides in relaxing US controls and in simplifying licensing procedures for US exporters.

2. The decontrol process will be speeded up by the amendments recently passed. The amendments are referred to as the "equal Export Opportunity Act." The Act is aptly named because it is designed more to encourage exports than to control them. It specifically directs that US export restrictions be reviewed with the aim of bringing them into line with the less stringent multilateral COCOM controls. The review process, moreover, is to concentrate first on those items which have "significant potential export markets." In addition, the review process not only is to be undertaken by appropriate government agencies but also by "qualified experts from private industry;" i.e., people who have a vested interest in relaxing US controls. By 1 April 1973, the Secretary of Commerce must submit to the President and the Congress a report listing commodities and technical data whose controls are greater than COCOM's and the reason why they are still controlled.

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3. The new Act will lead to an eventual reduction in trade control activities not only in the Department of Commerce but in all ACEP agencies including CIA. Over the next few months, however, the pace of decontrol activities will accelerate to meet the 9-month deadline imposed by the Act. This will put an additional burden on all ACEP agencies including CIA. Moreover, with business interests involved in the decontrol process, government agencies will be pressed to come up with cogent reasons for wanting to continue controls on various items.


MAURICE C. ERNST
Director
Economic Research

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COUNCIL ON INTERNATIONAL ECONOMIC POLICY

September 1, 1972

file CIEP

DDI-2423-72

MEMORANDUM FOR: MAURICE ERNST
Director, Economic Research
Central Intelligence Agency

FROM:

SUBJECT: Amendments to the Export
Administration Act Including the
Establishment of the Council on
International Economic Policy

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Attached are two copies of amendments to the Export Administration Act of 1969 including the "International Economic Policy Act of 1972" establishing the Council on International Economic Policy. The Act requires a comprehensive International Economic Report to the Congress (Sec. 207) sixty days after the beginning of each regular session of Congress including recommendations for legislation as appropriate. The Act also requires the CIEP to keep seven Congressional committees fully and currently informed regarding the activities of the Council.

The Act provides for the assignment of Federal agency employees to CIEP on a reimbursable basis. I will keep informed of any Congressional action on the appropriations cycle for CIEP so he can plan OER financing accordingly.

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I would appreciate your passing a copy to Paul Walsh, as he has expressed interest in the past on the progress of CIEP legislation.

cc:

✓ Mr. Paul V. Walsh
A/DDI

Attachment
as stated (in dupl)

Begin and he the City of Washington on Tuesday, the eighteenth day of January,
 Approved For Release 2005/11/23 : CIA-RDP80B01495R000200060006-1
one thousand nine hundred and seventy-two

An Act

To extend and amend the Export Administration Act of 1969 to afford more equal export opportunity, to establish a Council on International Economic Policy, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

TITLE I—AMENDMENTS TO THE EXPORT ADMINISTRATION ACT OF 1969

Sec. 101. This title may be cited as the "Equal Export Opportunity Act".

Sec. 102. Section 2(3) of the Export Administration Act of 1969 is amended by inserting before the period at the end thereof a comma and the following: "particularly when export restrictions applied by the United States are more extensive than export restrictions imposed by countries with which the United States has defense treaty commitments".

Sec. 103. Section 3 of the Export Administration Act of 1969 is amended by adding at the end thereof the following:

"(6) It is the policy of the United States that the desirability of subjecting, or continuing to subject, particular articles, materials, or supplies, including technical data or other information, to United States export controls should be subjected to review by and consultation with representatives of appropriate United States Government agencies and qualified experts from private industry."

Sec. 104. (a) Section 4(b) of the Export Administration Act of 1969 is amended—

(1) by inserting "(1)" after "(b)"; and

(2) by adding at the end thereof the following new paragraphs:

"(2) The Secretary of Commerce, in cooperation with appropriate United States Government departments and agencies and the appropriate technical advisory committees established under section 5(c), shall undertake an investigation to determine which articles, materials, and supplies, including technical data and other information, should no longer be subject to export controls because of their significance to the national security of the United States. Notwithstanding the provisions of paragraph (1), the President shall remove unilateral export controls on the export from the United States of articles, materials, or supplies, including technical data or other information, which he determines are available without restriction from sources outside the United States in significant quantities and comparable in quality to those produced in the United States, except that any such control may remain in effect if the President determines that adequate evidence has been presented to him demonstrating that the absence of such a control would prove detrimental to the national security of the United States. The nature of such evidence shall be included in the special report required by paragraph (4).

"(3) In conducting the investigation referred to in paragraph (2) and in taking the action required under such paragraph, the Secretary of Commerce shall give priority to those controls which apply to articles, materials, and supplies, including technical data and other information, for which there are significant potential export markets.

"(4) Not later than nine months after the date of enactment of the Equal Export Opportunity Act, the Secretary of Commerce shall submit to the President and to the Congress a special report of actions taken under paragraphs (2) and (3). Such report shall contain—

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“(A) a list of any articles, materials, and supplies, including technical data and other information, which are subject under this Act to export controls greater than those imposed by nations with which the United States has defense treaty commitments, and the reasons for such greater controls; and

“(B) a list of any procedures applicable to export licensing in the United States which may be or are claimed to be more burdensome than similar procedures utilized in nations with which the United States has defense treaty commitments, and the reasons for retaining such procedures in their present form.”

(b) (1) Section 4(e) of such Act is amended to read as follows:

“(e) The authority conferred by this section shall not be exercised with respect to any agricultural commodity, including fats and oils or animal hides or skins, without the approval of the Secretary of Agriculture. The Secretary of Agriculture shall not approve the exercise of such authority with respect to any such commodity during any period for which the supply of such commodity is determined by him to be in excess of the requirements of the domestic economy, except to the extent the President determines that such exercise of authority is required to effectuate the policies set forth in clause (B) or (C) of paragraph (2) of section 3 of this Act.”

(2) Any rule, regulation, proclamation, or order issued after July 1, 1972, under section 4 of the Export Administration Act of 1969, exercising any authority conferred by such section with respect to any agricultural commodity, including fats and oils or animal hides or skins, shall cease to be effective upon the date of enactment of this Act.

SEC. 105. Section 5 of the Export Administration Act of 1969 is amended by adding at the end thereof the following:

“(c) (1) Upon written request by representatives of a substantial segment of any industry which produces articles, materials and supplies, including technical data and other information, which are subject to export controls or are being considered for such controls because of their significance to the national security of the United States, the Secretary of Commerce shall appoint a technical advisory committee for any grouping of such articles, materials, and supplies, including technical data and other information, which he determines is difficult to evaluate because of questions concerning technical matters, worldwide availability and actual utilization of production and technology, or licensing procedures. Each such committee shall consist of representatives of United States industry and government. No person serving on any such committee who is representative of industry shall serve on such committee for more than two consecutive years.

“(2) It shall be the duty and function of the technical advisory committees established under paragraph (1) to advise and assist the Secretary of Commerce and any other department, agency, or official of the Government of the United States to which the President has delegated power, authority, and discretion under section 4(d) with respect to actions designed to carry out the policy set forth in section 3 of this Act. Such committees shall be consulted with respect to questions involving technical matters, worldwide availability and actual utilization of production and technology, and licensing procedures which may affect the level of export controls applicable to any articles, materials, or supplies, including technical data or other information, and including those whose export is subject to multilateral controls undertaken with nations with which the United States has defense treaty commitments, for which the committees have expertise. Such committees shall also be consulted and kept fully informed of

progress with respect to the investigation required by section 4(b) (2) of this Act. Nothing in this subsection shall prevent the Secretary from consulting, at any time, with any person representing industry or the general public regardless of whether such person is a member of a technical advisory committee. Members of the public shall be given a reasonable opportunity, pursuant to regulations prescribed by the Secretary of Commerce, to present evidence to such committees.

"(3) Upon request of any member of any such committee, the Secretary may, if he determines it appropriate, reimburse such member for travel, subsistence, and other necessary expenses incurred by him in connection with his duties as a member.

"(4) Each such committee shall elect a chairman, and shall meet at least every three months at the call of the Chairman, unless the Chairman determines, in consultation with the other members of the committee, that such a meeting is not necessary to achieve the purposes of this Act. Each such committee shall be terminated after a period of two years, unless extended by the Secretary for additional periods of two years. The Secretary shall consult each such committee with regard to such termination or extension of that committee."

SEC. 106. Section 14 of the Export Administration Act of 1969 is amended by striking out "August 1, 1972" and inserting in lieu thereof "June 30, 1974".

SEC. 107. Nothing in this title shall be construed to require the release or publication of information which is classified pursuant to Executive order or to affect the confidentiality safeguards provided in section 7(c) of the Export Administration Act of 1969.

SEC. 108. The provisions of this title take effect as of the close of July 31, 1972.

TITLE II—COUNCIL ON INTERNATIONAL ECONOMIC POLICY

SHORT TITLE

SEC. 201. This title may be cited as the "International Economic Policy Act of 1972".

STATEMENT OF PURPOSES

SEC. 202. It is the purpose of this title to provide for closer Federal interagency coordination in the development of a more rational and orderly international economic policy for the United States.

FINDINGS AND POLICY

SEC. 203. The Congress finds that there are many activities undertaken by various departments, agencies, and instrumentalities of the Federal Government which, in the aggregate, constitute the domestic and international economic policy of the United States. The Congress further finds that the objectives of the United States with respect to a sound and purposeful international economic policy can be better accomplished through the closer coordination of (1) domestic and foreign economic activity, and (2) in particular, that economic behavior which, taken together, constitutes United States international economic policy. Therefore this Act establishes a Council on International Economic Policy which will provide for—

(A) a clear top level focus for the full range of international economic issues; deal with international economic policies including trade, investment, balance of payments, and finance as a coherent whole;

(B) consistency between domestic and foreign economic policy;
and

(C) close coordination with basic foreign policy objectives.
The Congress intends that the Council shall be provided with the opportunity to (i) investigate problems with respect to the coordination, implementation, and long-range development of international economic policy, and (ii) make appropriate findings and recommendations for the purpose of assisting in the development of a rational and orderly international economic policy for the United States.

CREATION OF COUNCIL ON INTERNATIONAL ECONOMIC POLICY

SEC. 204. There is created in the Executive Office of the President a Council on International Economic Policy (hereinafter referred to in this title as the "Council").

MEMBERSHIP

SEC. 205. The Council shall be composed of the following members and such additional members as the President may designate:

- (1) The President.
- (2) The Secretary of State.
- (3) The Secretary of the Treasury.
- (4) The Secretary of Defense.
- (5) The Secretary of Agriculture.
- (6) The Secretary of Commerce.
- (7) The Secretary of Labor.
- (8) The Director of the Office of Management and Budget.
- (9) The Chairman of the Council of Economic Advisers.
- (10) The Special Representative for Trade Negotiations.

The President shall be the Chairman of the Council and shall preside over the meetings of the Council; in his absence he may designate a member of the Council to preside in his place.

DUTIES OF THE COUNCIL

SEC. 206. Subject to the direction of the President, and in addition to performing such other functions as he may direct, the Council shall—

(1) Assist and advise the President in the preparation of the International Economic Report required under section 207.

(2) Review the activities and the policies of the United States Government which indirectly or directly relate to international economics and, for the purpose of making recommendations to the President in connection therewith, consider with some degree of specificity the substance and scope of the international economic policy of the United States, which consideration shall include examination of the economic activities of (A) the various agencies, departments, and instrumentalities of the Federal Government, (B) the several States, and (C) private industry.

(3) Collect, analyze, and evaluate authoritative information, current and prospective, concerning international economic matters. Such evaluations shall include but not be limited to the impact of international trade on the level, stability, and financial rewards for domestic labor and the impact of the transnational corporation on international trade flows.

(4) Consider policies and programs for coordinating the activities of all the departments and agencies of the United States with one another for the purpose of accomplishing a more con-

sistent international economic policy, and make recommendations to the President in connection therewith.

(5) Continually assess the progress and effectiveness of Federal efforts to carry out a consistent international economic policy.

(6) Make recommendations to the President for domestic and foreign programs which will promote a more consistent international economic policy on the part of the United States and private industry. Recommendations under this paragraph shall include, but shall not be limited to, policy proposals relating to monetary mechanisms, foreign investment, trade, the balance of payments, foreign aid, taxes, international tourism and aviation, and international treaties and agreements relating to all such matters. In addition to other appropriate objectives, such policy proposals should be developed with a view toward—

(A) strengthening the United States competitive position in world trade;

(B) achieving equilibrium in international payment accounts of the United States;

(C) increasing exports of goods and services;

(D) protecting and improving the earnings of foreign investments consonant with the concepts of tax equity and the need for domestic investment;

(E) achieving freedom of movement of people, goods, capital, information, and technology on a reciprocal and world-wide basis;

(F) increasing the real employment and income of workers and consumers on the basis of international economic activity; and

(G) preserving the diversified industrial base of the United States.

REPORT

SEC. 207. (a) The President shall transmit to the Congress an annual report on the international economic position of the United States. Such report (hereinafter referred to as the "International Economic Report") shall be submitted not later than sixty days after the beginning of each regular session of the Congress, and shall include—

(1) information and statistics describing characteristics of international economic activity and identifying significant current and foreseeable trends and developments;

(2) a review of the international economic program of the Federal Government and a review of domestic and foreign economic conditions and other significant matters affecting the balance of international payments of the United States and of their effect on the international trade, investment, financial, and monetary position of the United States;

(3) a review of the impact of international voluntary standards, the foreign investments of United States based transnational firms, and the level of foreign wage rates on the level, stability, and financial reward for domestic employment; and

(4) a program for carrying out the policy objectives of this title, together with such recommendations for legislation as he may deem necessary or desirable.

(b) The President may transmit from time to time to the Congress reports supplementary to the International Economic Report, each of which may include such supplementary or revised recommendations as he may deem necessary or desirable to achieve the purposes and policy objectives set forth in this title.

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EXECUTIVE DIRECTOR AND STAFF OF THE COUNCIL

SEC. 208. (a) The staff of the Council shall be headed by an Executive Director who shall be appointed by the President, and he shall be compensated at the rate now or hereafter provided for level II of the Executive Schedule (5 U.S.C. 5313). He shall keep the Committee on Banking, Housing and Urban Affairs of the Senate, the Committee on Banking and Currency of the House of Representatives, the Committee on Foreign Relations of the Senate, the Committee on Foreign Affairs of the House of Representatives, the Committee on Finance of the Senate, the Committee on Ways and Means of the House of Representatives, and the Joint Economic Committee fully and currently informed regarding the activities of the Council.

(b) (1) With the approval of the Council, the Executive Director may appoint and fix the compensation of such staff personnel as he deems necessary. Except as provided in paragraph (2), the staff of the Council shall be appointed subject to the provisions of title 5, United States Code, governing appointments in the competitive service, and shall be paid in accordance with the provisions of chapter 51 and subchapter III of chapter 53 of such title relating to classification and General Schedule pay rates.

(2) With the approval of the Council, the Executive Director may appoint and fix the compensation of one officer at a rate of basic compensation not to exceed the rate provided for level IV of the Federal Executive Salary Schedule, and appoint and fix the compensation of two officers at rates of basic compensation not to exceed the rate provided for level V of the Federal Executive Salary Schedule.

(c) With the approval of the Council, the Executive Director may procure temporary and intermittent services to the same extent as is authorized by section 3109 of title 5, United States Code, at rates not to exceed the daily equivalent of the rate provided for GS-18.

(d) Upon request of the Executive Director, the head of any Federal agency is authorized to detail, on a reimbursable basis, any of its personnel to the Council to assist it in carrying out its duties under this title.

SEC. 209. The provisions of this title shall expire on June 30, 1973, unless extended by legislation enacted by the Congress.

AUTHORIZATION FOR APPROPRIATIONS

SEC. 210. For the purpose of carrying out the provisions of this title, there are authorized to be appropriated not to exceed \$1,400,000 for fiscal year 1973.

Speaker of the House of Representatives.

*Vice President of the United States and
President of the Senate.*